

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

June 8, 2005

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, June 8, 2005 beginning at 9:27 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

William R. Roberts, President¹
George B. Beardsley, First Vice President
Thomas A. Gougeon, Vice President
Richard A. Kirk, Vice President
Denise S. Maes, Vice President²

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager
P. L. Wells, General Counsel
D. B. LaFrance, Director of Finance
E. E. Pokorney, Director of Planning
M. L. Bassett, Director of Public Affairs
B. D. Good, Director of Operations & Maintenance
J. L. Diebel, Director of Engineering
C. Elam-Floyd, Manager of Human Resources
A. T. Spaulding, Manager of Purchasing
G. T. Malmberg, Sales Administrator
S. Renouf, Community Affairs Specialist
C. R. Dermody, Manager of Information Technology
M. L. Walker, Attorney
L. Firth, Manager of Community Relations
J. E. Crockett, Manager of Risk & Benefit
P. Miller, Customer Care Manager

¹ Due to an unavoidable conflict, Commissioner Roberts was detained and arrived during the Board briefing of Agenda Item VI-B-1.

² Due to an unavoidable conflict, Commissioner Maes was detained and arrived during the Board's consideration of Agenda Item V-D-6.

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H. C. Teigen, Chief of Distribution and Property Management
R. S. Fischer, Attorney
B. Balley, Engineer
K. Hurt, Customer Care
C. Franklin, Customer Care
C. N. Strother, Engineer
K. D. Kuykendoll, Manager of Rate Administration
M. D. Waage, Water Resource Engineer
L. S. Likes, Appraiser-Negotiator
G. C. Fisher, Chief Planner
T. L. McGuire-Collier, Manager of Media Relations
Walt Pettit, Distributor's Liaison Representative, Wheat Ridge Water
and Sanitation District
Roberta Simonton, Citizens' Advisory Committee
Dave Romero, Denver Parks and Recreation
Brenda O'Brien, GreenCo
Kevin Natapow, Colorado Environmental Coalition
Amy Livingston, Colorado Environmental Coalition

Media

Jerd Smith, Rocky Mountain News
Kim McGuire, Denver Post

Commissioner Beardsley explained Commissioners Roberts and Maes were detained, but because there was a quorum the meeting could be called to order.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of May 11, 2005 and May 25, 2005 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of May 11, 2005 and May 25, 2005 were approved.

Commissioner Beardsley invited members of the public to comment to the Board regarding matters not included in the Board's Agenda for the meeting. There was no response.

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Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM V-A-1: CLARIFICATION OF OPERATING RULES FOR COLLECTING SYSTEM DEVELOPMENT CHARGES FROM FORMER CITY AND COUNTY OF DENVER PROPERTIES**

Amended Operating Rule 2.04.2 to read as follows:

2.04.2 System Development Charge:

a. Effective January 1, 1973, no license for water service shall be issued by Denver Water or any other public agency authorized by Denver Water to issue such licenses without prior payment of any appropriate System Development Charge unless the license is issued for fire protection purposes or for a temporary license or stub-in under Rule 2.04.2e.

b. Subject to exceptions set forth in Rule 2.04.2e herein, a System Development Charge shall be charged as follows:

(1) Upon issuance of a license or temporary license, except fire protection license, or a license to the City and County of Denver (not including agencies or authorities sponsored by or supported by the City and County of Denver) on or after January 1, 1973. Licenses issued prior to January 1, 1973 are transferable without payment of the System Development Charge, unless, in the opinion of the Board, the tap was oversized for the original licensed use in which case the Board will determine the additional System Development Charge due prior to transfer. Licenses issued to the City and County of Denver after January 1, 1973 are not transferable without payment of the appropriate System Development Charges with no credit available based on existing tap or usage.

Mr. Barry and Ms. Bassett explained the basis for the proposed change. Properties constructed prior to January 1, 1973 did not pay system development charges for taps. The City and County of Denver occasionally sells city property to individuals or entities who are not eligible for the

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exemption granted to the City. For those properties, credit for the SDC will be based upon actual usage, not tap size.

2. **ITEM V-D-1: ANNUAL CONTRACTS SCHEDULED TO RENEW IN THE THIRD QUARTER**

Authorized extension of the following annual contracts: Contract with Maximus, Inc. to provide fleet management software for the period September 30, 2005 to September 30, 2006 for an additional \$33,000; Contract with Peoplesoft, Inc. to provide human resources software for the period September 21, 2005 to September 21, 2006, at an additional cost of \$155,000; Contract with MRO Software to provide maintenance management software for the period September 15, 2005 to September 15, 2006, for an additional \$62,000; and Contract with Denver Investment Advisors, LLC to provide investment services for the period September 1, 2005 to August 31, 2006, for an additional \$100,000, all as more particularly described in the attachment to Agenda Item V-D-1, dated June 8, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "A."

3. **ITEM V-D-2: AWARD OF CONTRACT FOR VALVE HOUSE STANDBY GENERATOR SYSTEM REPLACEMENT AT STRONTIA SPRINGS DAM**

Authorized award of a contract to Master Electrical Contractors, Inc. for the valve house standby generator system replacement at Strontia Springs Dam, at a cost not to exceed \$128,750.

4. **ITEM V-D-3: AWARD OF CONTRACT FOR FOOTHILLS TREATMENT PLANT FLOCCULATION EQUIPMENT REPLACEMENT**

Authorized the award of a contract to Glacier Construction, Inc. for the Foothills Treatment Plant flocculation equipment replacement project, at a cost not to exceed \$2,329,712.

Mr. Good explained there are eight flocculation basins at the Foothills Water Treatment Plant. The flocculation equipment in those basins has been in service for 22 years. Beginning in 1990 as a part of the pre-treatment requirements for potable water, Denver Water began pre-chlorination. Because of the use of chlorine, the equipment, including ladders, landings and handrails, have experienced significant amounts of corrosion. Additionally, the chain system needs to be completely replaced. New material more resistant to the corrosive activities of chlorine will be installed.

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The work will be started in September and is intended to be concluded in time for the 2006 load season. The contractor will take two basins out of service at a time, so that the plant will not be completely out of service. Mr. Diebel noted the cost to purchase the replacement equipment is more than 70% of the contract costs. Pictures showing the corrosion and some of the equipment which needs to be replaced were provided to the Commissioners.

5. **ITEM V-D-4: RATIFICATION OF CONSTRUCTION CONTRACT
CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS**

Ratified construction contract change orders and amendments to agreement authorized by the Manager in March and April 2005 as follows: Change Order No. 23 to the contract with Denny Construction, Inc. for the Moffat Collection System Headquarters; Change Order No. 2 to the contract with T. Lowell Construction, Inc. for vault construction on Conduit No. 44 at West Bayaud Avenue and South Navajo Street, Conduit No. 76 at West Evans Avenue and South Platte River Drive and Conduit No. 12 at West 10th Avenue and Hooker Street; Change Order No. 2 to the contract with Glacier Construction Company, Inc. for the procurement and installation of the diesel fuel engine generator at the Green Mountain Pump Station; Change Order No. 2 to the contract with Murphy Company for the Hillcrest Pump Station Installation of Pump No. 9; Change Order No. 1 to the contract with Arapahoe Utilities and Infrastructure, Inc. for the Conduit 74/93 butterfly valve vault replacement at the 64th Avenue Pump Station and Reservoir; and amendment to the January 1, 2002 Contract with Mellon Human Resources and Investor Solutions to provide benefit and actuarial consulting, all as more particularly described in Agenda Item V-D-4, dated June 8, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "B."

6. **ITEM V-D-5: CHANGE ORDER NO. 5 MARSTON FINISHED WATER
PIPE IMPROVEMENT PROJECT**

Authorized Change Order No. 5 to the April 14, 2004 contract with Lillard and Clark Construction Co., Inc. for the Marston Finished Water Pipe Improvement Project, in the amount of \$157,472.42, all as more particularly described in the change order, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."

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7. **ITEM V-D-6: LAND EXCHANGE AT HIGH LINE CANAL NEAR KASSLER³**

Declared two parcels of property, parts of the Kassler Filter Plant property, as surplus to the water works function, which parcels are more particularly described in Exhibits "D" and "E," attached to and incorporated in these Minutes, and authorized entering into an agreement concerning purchase, sale and exchange of property, with River Canyon Real Estate Investments, LLC, Robert C. Gerska, and Monette E. Gerska, Roxborough Park Metropolitan District, and Ravenna Metropolitan District, to adjust property boundaries for improved land use, all as more particularly described in the Agreement Concerning Purchase, Sale and Exchange of Property in Douglas County, Colorado, a copy of which is attached to and incorporated in these Minutes as Exhibit "F." Authorization of the exchange included authorization of a First Amendment to Agreement Concerning Purchase, Sale and Exchange of Property in Douglas County, Colorado, extending the closing date, all as more particularly provided in the First Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

Mr. Teigen explained that in addition to adjustment of property boundaries for improved land use, the Agreement relieves the Board of maintenance responsibility for a road to Denver Water's caretaker facility and of a drainage line under the High Line Canal. In response to questions from the Commissioners, Mr. Teigen explained that development of properties for housing will take place on properties which are south of the High Line Canal and not on properties between the High Line Canal and the South Platte River.

8. **ITEM V-D-7: PURCHASE OF BUCKET TRUCK**

Authorized purchase of a 2005 Altec Model AM 55 Bucket Truck from Altec Industries for \$170,936, less \$15,000 lease credit, for a total net cost of \$155,936.

9. **ITEM V-E-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-E-1 dated June 8, 2005, a copy of which is attached to and incorporated in these minutes as Exhibit "H," effective the pay period ending **May 20, 2005** unless otherwise noted.

³ Commissioner Maes arrived during the Board's consideration of Agenda Item V-D-6.

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10. **ITEM V-E-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective **July 1, 2005**, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date Unless otherwise noted ⁴	Division/Section
Josalyn Coleman	01/03/2005	01/03/2005	Rate Administration #150
Bryan Douglass	01/03/2005	01/03/2005	Survey #240
George Moody	01/03/2005	01/03/2005	Survey #240
Elizabeth Nibarger	01/03/2005	01/03/2005	Recycled Water Plant #650
Andrew Kruzic	12/20/2004	12/20/2004	T&D Construction & Maintenance #710
Stephen Wyman	12/27/2004	12/27/2004	T&D Construction & Maintenance #710

11. **ITEM VI-B-1: DISCUSSION AND INFORMATION: CUSTOMER SURVEY RESULTS⁴**

Ms. Firth made a presentation regarding the preliminary results of a customer survey taken earlier in the spring of 800 Denver Water customers including customers both in the City and in the customer service area of the Board. Ms. Firth explained that the last customer survey was accomplished in 2003. Ms. Firth provided the Commissioners and the public with copies of the slides used in her presentation, which are attached to and incorporated in these Minutes as Exhibit "I." The final report is expected within ten days, and will be provided to the Commissioners prior to the next study session. The Commissioners and staff will use the results of the survey in preparing the community awareness program. The Commissioners discussed developing the program in conjunction with the IRP.

12. **ITEM VI-B-2: DISCUSSION AND INFORMATION: EARLY NOTIFICATION ABOUT POTENTIAL ADJUSTMENTS IN SYSTEM DEVELOPMENT CHARGES**

The Commissioners received a preliminary estimate that SDC charges after January 2006 will be between five and ten percent higher than in 2005. Mr. LaFrance explained that recommended charges for 2006 will be brought to

⁴ Commissioner Roberts arrived during the presentation of the preliminary finding in Agenda Item VI-B-1.

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the Board at the end of the year, following completion of the SDC study. The early notification is based on a cursory analysis, and is provided at this time in order to allow the development community to plan for potential changes in 2006.

13. **ITEM VI-C-1: DISCUSSION AND INFORMATION: WATER SUPPLY UPDATE**

Mr. Pokorney explained that Denver Water's reservoirs are at 92% of full, and current expectations are that by July 1, the reservoir contents will be at 97% of full. Historically, July 1 contents have been at 94% of full. Antero Reservoir is not expected to fill because of the lack of precipitation in the watershed above that reservoir. Mr. Pokorney reported that treated water demand continues to be less than normal. The Water Supply Update, dated June 8, 2005, was provided to the Commissioners and the public and a copy of which is attached to and incorporated in these Minutes as Exhibit "J."

14. **ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO**

The Commissioners received the report, "Denver Water Investment Portfolio as of May 31, 2005" as set forth in Agenda Item VI-F-1 dated June 8, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

15. **ITEM VI-F-2: DISCUSSION AND INFORMATION: MANAGER'S OPERATION REPORT**

The Board was furnished with the Manager's Operation Report dated June 8, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "L," which consists of the following individual items:

1. Water Use and Supply Reports
2. Status of Contract Work
3. Status of Consultant Services

16. **ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS SUMMARY**

The Commissioners received the 2005 Budget Status Summary for the period ending May 31, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "M."

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17. **ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed that the next regular meeting would be a Study Session to take place on **Wednesday, June 22, 2005**, at **9:00 a.m.** in the Three Stone Buildings, 1600 W. 12th Avenue, Denver, Colorado. The session will include information involving rate design, the communications survey and discussion of the settlement proposal from the Colorado River Water Conservation District, et al. A portion of the session will be in Executive Session.

The Board will hold a retreat to begin discussions of the IRP on **Thursday, June 23, beginning at 8:00 a.m.** at the Washington Park Bathhouse.

The Board confirmed that the first regular meeting in July will be held July 13 at the Keystone Resort.

No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 10:18 a.m.

EXECUTIVE SESSION

On Wednesday, June 8, 2005, commencing approximately at 10:22 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

1. Property Transactions § 24-6-402(4)(a)
2. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:10 a.m.

President

Secretary